

Disciplinary Notice

Case No. 2019-001: Settlement of Charges Against Geneva Trading USA, LLC

Exchange Rules

Rule 4.02(I)(1)(A) - Trade Practice Violations

In connection with the placement of any order or execution of any Transaction, it shall be a violation of the Rules for any Person to . . . [enter] an order or market message, or cause an order or market message to be entered, with the intent to cancel the order before execution, or modify the order to avoid execution.

Rule 4.02(I)(1)(C) - Trade Practice Violations

In connection with the placement of any order or execution of any Transaction, it shall be a violation of the Rules for any Person to . . . [enter] an order or market message, or cause an order or market message to be entered, with the intent to disrupt the orderly conduct of trading, the fair execution of transactions or mislead other market participants.

Rule 4.02(I)(2) - Trade Practice Violations

In connection with the placement of any order or execution of any Transaction, it shall be a violation of the Rules for any Person to . . . knowingly [enter] any bid or offer for the purpose of making a market price which does not reflect the true state of the market, or knowingly [enter], or causing to be entered, bids or offers other than in good faith for the purpose of executing bona fide Transactions.

Rule 4.04 - Conduct Detrimental to the Exchange

It shall be a violation of the Rules for any Person to fail to conform to, the Rules or the procedures of the Exchange or the Clearing Organization, or to engage in conduct or practices inconsistent with just and equitable principles of trade or conduct detrimental to the best interests of the Exchange.

Summary

Pursuant to Exchange rules, every Person shall be responsible for the acts and omissions of its employees and agents acting within the scope of their employment or office. A subcommittee of the Exchange's Business Conduct Committee ("BCC Subcommittee") found that between June 2015 and May 2016 (the "Relevant Period"), Geneva Trading USA, LLC ("Geneva"), through the actions of one of its traders, may have violated Exchange Rules 4.02(I)(1)(A), 4.02(I)(1)(C), 4.02(I)(2), and 4.04. The BCC Subcommittee found that during the Relevant Period, the trader appeared to have engaged in a pattern of layering orders at various price levels on one side of the orderbook that were not entered for the bona fide purpose of trading. Particularly, the trader cancelled these layered orders shortly after trading on the opposite side of the market.

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Products

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Cocoa Futures
Coffee C® Futures
Sugar No. 11 Futures

Penalty

In accordance with the terms of settlement, in which Geneva neither admitted nor denied the alleged rule violations or factual findings upon which the penalty is based, Geneva agreed to disgorge profits in the amount of \$86,999.

Effective Date

February 26, 2020

Linked To

[2019-001 - Garrett Connery](#)

For More Information

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